

Spring 2001 State Bar Annual Meeting
Business Law Section / Cyberspace Law Committee
Presents:

Trademark & Domain Names:
Trends in Cybersquatting
and Forum Shopping

By: Philip R. Green

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www.greenandgreen.com

(415) 457-8300



2001-02 A Year of Trends

■ First Amendment Trends

- Defamation, “sucks” sites,
- ICANN ADR may not apply First Amendment!

■ Choice of Forum

- ICANN’s ADR Rules (UDNDR)
- U.S.A.: Court via ACCPA 15 U.S.C. Section 1125 (d) (2) (A)

■ Famous Personalities Names 15 U.S.C. Section 1129 vs ICANN UDRP

■ California’s New Anti –Cybersquatting Act

■ New Gtlds

- .biz (claim)-In litigation over “illegal lottery”, .info, .name, .pro (sunrise)
- Get ‘em while they’re available! Watch out for Scams!

■ Nature of a Domain Name

- Intellectual Property?
- Mere contractual right?
 - Mere link to a server?

First Amendment Trends

■ *Defamation*

- Bihari And Bihari Interiors, Inc., V. Gross 2000 WL 1409757 United States District Court, S.D. New York. No. 00 Civ. 1664(SAS). (Sept. 25, 2000) shows how the first Amendment can become involved over arguments about use of a Domain Name to defame: In Bihari the owner of a family name and service mark "Bihari Interiors," for interior design brought an action for the infringement of the mark by the owner of a website that is critical of the Bihari's services.

First Amendment Trend:

■ Web Sites That Suck

- If your company finds a website “yourcompanysucks.com” it might impair your company’s *reputation*.
- Depending on jurisdiction of the dispute, your company, Inc. might have to live with it.
- Chose: U.S.A. with litigation under anti dilution, trademark and ACPA laws that seek to enjoin the SUCKS site and may award money damages or,
- Chose: ADR under the ICANN UDRP rules, arbitrators do not necessarily apply U.S. law to the dispute, the sucks site might have to stop or lose the URL to the original trademark owner. Witness the Wal-Mart WIPO ADR. Wal-Mart Stores, Inc. v. Walsucks and Walmarket Puerto Rico, Case No. D2000-0477, (July 20, 2000)
- Caution in Choice of Law and Jurisdiction clauses.

CHOICE OF FORUM, PANEL & LAW:

- **U.S.A. LAW ACPA**
 - Broader In Rem Damages
 - Money Damages & Statutory Measures
 - Consistency of Decision *Stare Decisis*
- **INTERNATIONAL ICANN ADR**
 - Fast and Inexpensive
 - Use Caution choosing panel
 - Best Practice: Use Contract Language to specify limits, powers on arbitrators, Jurisdiction, Choice of Law.
- What Choice? Jurisdiction a MAJOR issue

U.S.A.: Anticybersquatting Consumer Protection Act Elements: 15 U.S.C. 1125 (d)(1)(A)

- One who “Registers, traffics in, or uses a domain name of
- a mark that is distinctive at the time of registration of the domain name
- that is identical or confusingly similar to that mark or
- of a famous mark that is famous at the time of registration of the domain name,
- is identical or confusingly similar to or dilutive of that mark.
- **With the bad faith intent** to profit from that mark...

ACPA Bad Faith Intent to Profit - Factors:

- Statutory factors tend to be consistent.
- Applies Traditional US trademark notions of first to use and nature and extent of use.
- Jurisdiction over the Res and In Rem
 - Personal Jurisdiction can be difficult to obtain.
- Virginia and California are target states
 - California because ICANN is here.
- Best Practice: Register important Trademarks
 - Note that over 250,000 marks were applied for in 2000.

ACPA Bad Faith Intent- Offers to sell the Domain Name:

- **Offers to sell:** to the trademark owner or others (hold the Domain Name for ransom)
- The **quantity of the Domain Name user's content** vs. "valid" content
 - 1st Amendment "content" concerns – The "Sucks" cases Verizon
 - The story of why a Domain Name was chosen and
- Did the **Domain Name registrant know** the offended trademark?
 - SPORTY'S FARM L.L.C., v. SPORTSMAN'S MARKET, INC., Docket Nos. 98-7452(L), 98-7538(XAP) U.S.C.A., 2nd Cir. Feb. 02, 2000, 2000 WL 124389.
 - "Cybersquatting involves the registration as domain names of well-known trademarks by non-trademark holders who then try to sell the names back to the trademark owners."

ACPA In Rem Action:

- **15 U.S.C. 1125 (d) (2) (A)** provides for an In Rem action – Domain Name as Property?
- In Rem - against the property rights in a Domain Name
- If you cannot locate the Domain Name owner by notice to the registered owner
- Then you may, by publication of notice as ordered by a court, obtain in rem jurisdiction into the district of the
- Court where the register has its offices.
- Best Practice: Be sure to follow the exact statutory requirements of attempted notice and other steps to insure proper jurisdiction.

ACPA In Rem: Issues

- To what extent is a URL property?
- Recent case: Network Solutions Inc vs. Umbro International Va. S. Court 4/21/00 No 991168, suggests that if the URL is a or permits a *service*, it is *not garnishable* under Virginia's garnishment laws.
- Sec. 1125 (d) allows courts to order the Domain Name register to turn over a URL to a trademark owner.
- No Money Damages in an In rem Action.
- NSI position: URL is service connecting computers by an alphanumeric system.

ACPA Personal Names: 15 U.S.C. 1129 CIVIL ACTION: Unless juxtaposed with a related *copyrightable* work

- One registers a domain name that consists of the name of another living person substantially and confusingly similar thereto, without that person's consent with the *specific intent to profit* from such name by selling the domain name or using it for financial gain.
 - *Character* names are *trademarks*, not treated as personal names.
- **BIG Exception:** © If name is used in, affiliated with, or related to a work of authorship protected under Title 17, and IF registrant is the copyright owner or licensee of the work, ...there may be no liability.
- injunctive relief, including: the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff Discretion to award costs and attorneys fees to prevailing party. *Not retroactive*: to domain names registered on or after November 29, 1999.
- Some who would otherwise be “cybersquatters” are able to create such content and use the 1st Amendment to make such a defense.

ACPA Retroactivity.

- ***Applies*** to domain names that were registered before and ***used after*** the ***law's*** enactment, however:
- Injunctive relief and transfer of the domain name are the only available remedies if the *domain name* was *registered before* the law's enactment.
- Damages (whether actual or statutory) are available only if the domain name was registered after the law's enactment (which was Nov. 18, 1999).

Cybersquatting Cases Since ACPA:

- Joseph C. Shields dba Joe Cartoon Co.v. Zuccarini (April 24, 2001 U.S.C.A. 3rd CIR. No. 00-2236)
- The Joe's Cartoons Case has the distinction that it awards Statutory Damages \$10,000/Domain Name.
- Fame measured by Hits, Awards won, Advertising efforts.
 - “Typosquatting” “Mouse trapping” disfavored.
- **Harrod's**: Even if a Domain Name registrant had prior legitimate use of trademark they can be lost to make use of Domain Name bad faith.

ICANN: International Arbitration Alternative

- WIPO – ICANN UDRP Rules Apply See www.icann.org
- Uniform Domain Name Dispute Resolution Policy As Approved by ICANN on October 24, 1999 as amended Nov, 1999.
 - ICANN Remedies. The remedies available to a complainant are limited to: requiring the cancellation of the infringing domain name or the transfer of the infringing domain name registration to the complainant.
 - Elements: Conflicting domain name is identical or ***confusingly similar*** to a trademark or service mark in which the complainant has rights; *and* (ii) Conflicting URL owner has no rights or ***legitimate interests*** in respect of the domain name; *and* (iii) a conflicting domain name has been registered and is being used in ***bad faith***.
 - Sometimes this can Turn on who the arbitrators are chosen to decide the facts. It is recommended that the ICANN web site and each Arbitrator Provider be carefully searched to determine the arbitrators. A Best Practice would be to allow, within the ICANN UDRP, contracting parties the most freedom of selection possible.

ICANN: How To Use The Rules

■ CASES SUBJECT TO WIPO ADR:

- NOTE **Bruce Springsteen Case** – Domain Name holders have rights also.
 - The panel “under 4(b)(ii) of the UDRP held that the registration of the Domain Name had to prevent the owner of a trade mark or service mark from reflecting the mark “in a corresponding domain name“... Bruce had been able to register a “.NET” version, he lost.
 - *Criticism:* It may not be good faith to use the ONLY “.COM” available because *many* might believe the “COM” to be the true official site for an artist. *Bruce Springsteen -v- Jeff Bugar and Bruce Springsteen Club* Case No. D2000-1532.
- Present **ALL evidence** you have on trademark rights
- BEST PRACTICE: have **REGISTERED** Trademarks Internationally!

Celebrity Names.Com - Choices for the talented:

- U.S.A. Law:
 - ACPA 15 U.S.C. 1125 (c), 1127;
 - California's Rights of Publicity (CC 3344) *Business & Professions Code Section 17525; (CC 3344.1 deceased personalities).*
- ICANN UDRP:
 - Julia Roberts Won with WIPO, later was sued but prevailed.
 - Madonna – lots of proof, different panel and continuing, registered trademarks makes a difference. Case No. D2000-0847
 - Celine Dion case, *Celine Dion and Sony Music Entertainment (Canada) Inc. v. Jeff Burgar operating or carrying on business as Celine Dion Club*, Case No. D2000-1838

Hollywood:

- **BigStar vs Next Big Star** 105 F.Supp.2d 185 S.D.N.Y., 2000. Next Big Star was held “Not confusingly similar enough” for Bigstar to stop Nextbigstar.com. Next B.S. were talent agents and Big Star was a video retailer. One may not usurp a trademark as a source indicator of unrelated services and goods.
- Need not be famous for *Right of Publicity* See Civ. Code 3344 (live) and
- Civ. Code 3344.1 (deceased) – See Three Stooges Case The Noive of That Guy Comedy III Prod vs. GARY SADERUP, INC., et al LA Super Ct #EC020205, S076061
 - Drawings of the comedians sold on useful items, even if drawings may have been original, does not overcome the rights of publicity and Trademark rights in famous likenesses is an infringement.
 - A “BALANCED APPROACH to 1st Amendment vs. IP rights.”
 - Another such balance is struck between IP, secrecy and anti-competitive behavior.

NEW: California BUS & PROF 17525 et seq., (2000) Domain Names that are Personal Names

- S.B. No. 1319: Aug., 2000: “It is unlawful for a person, with a *bad faith* intent to register, traffic in, or use a Domain Name
 - that is identical or confusingly similar to the personal name of another living person or deceased personality,
 - without regard to the goods or services of the parties....”
- Copyright Act use Preempts: section shall not apply if the name registered as a domain name is connected to a work of authorship, including, but not limited to, fictional or nonfictional entertainment, and dramatic, literary, audiovisual, or musical works.
- A domain name registrar, a domain name registry, or any other domain name registration authority that takes any action described in subdivision (a) that affects a domain name *shall not be liable* to any person for that action, regardless of whether the domain name is finally determined to infringe or dilute a trademark or service mark.

Complexities remain for the Future: New gTLDs

- Nov 16, 2000 ICANN announced NEW gTLDs: .**PRO** (FOR PROFESSIONALS), .**BIZ** (FOR BUSINESSES), . **COOP** (NON PROFITS) .**AERO** (AIR TANSPORT), .**INFO** (UNRESTRICTED), .**MUSEUM** (GUESS), .**NAME** (INDIVIDUALS).
- FTC WARNING: Under ICANN Rules there is NOW SOME LIMITED PROTECTION FOR TRADEMARK OWNERS but NO ***guaranteed*** pre-registration of these new gTLDs.
- How-When→ See www.icann.org Some (.info, .Name, .biz) are slowly registered after submittals of trademark ownership and others provide for trademark claims (.pro), “sunset”
- This JUST IN: .BIZ in litigation over whether the pre-”registration” process is an “illegal Lottery.”

Nature of a Domain Name

■ Intellectual Property?

- *Not Capable of Being Converted:* Kremen v. Cohen, 99 F.Supp.2d 1168 (N.D.Cal. May 30, 2000) where the Domain Name “sex.com” was fraudulently stolen but not converted. Can be legally retrieved as if it were intellectual property.

■ Mere contractual right?

- NSI Agreement Domain Name Transferable in tm
- New: conflict registration services.

■ Va Court – **No garnishment** *Virginia courts say Domain Name is not garnishable.* Network Solutions Inc vs. Umbro International Va. S. Court 4/21/00 No 991168, suggests a URL “is or permits a service” and not garnishable under Virginia’s garnishment laws.

- Yet ACPA allows courts to order the Domain Name register to turn over a URL to a trademark owner in an IN REM action. This may remain a conflict for some time.
- Generic “T M.COMs” May gain secondary meaning like Amazon

Thank You for sharing your valuable time!

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Phil Green

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